

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

This filing relates to PREPA.

**STATUS REPORT OF THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
FOR PUERTO RICO IN CONNECTION WITH COURT'S ORDER CONCERNING
PROOFS OF CLAIM NOS. 11497 AND 11790 [ECF NO. 20512]**

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17- BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the sole Title III representative of the Puerto Rico Electric Power Authority (“PREPA” or the “Debtor”) pursuant to section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),¹ in compliance with the Court’s *Order Concerning Proofs of Claim Nos. 11497 and 11790* [ECF No. 20512] (the “Order”), respectfully submits this status report (this “Status Report”) and requests entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), granting permission to file a further status report. In support thereof, PREPA represents as follows:

STATUS REPORT

1. Pursuant to the *Order (A) Authorizing Alternative Dispute Resolution Procedures, (B) Approving Additional Forms of Notice, and (C) Granting Related Relief* [ECF No. 12576] (the “ADR Order”), PREPA transferred Proofs of Claim Nos. 11497 and 11790 (the “Claims”) into the ADR Procedures² through the *Fifteenth Notice of Transfer of Claims to Alternative Dispute Resolution* [ECF No. 17832], filed on August 13, 2021. Thereafter, PREPA served upon the claimants associated with the Claims (the “Claimants”) ADR Notices containing confidential offers of settlement (the “Offers”). The ADR Notices permitted Claimants to designate whether Claimants accepted the Offers, rejected the Offers, or submitted counteroffers. On February 4, 2022, Claimants returned the ADR Notices indicating claimants rejected the Offers (the “Rejections”).

¹ PROMESA is codified at 48 U.S.C. §§ 2101–2241.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the ADR Order.

2. Pursuant to paragraph 2(f) of the ADR Procedures, PREPA filed a *Notice of Impasse Regarding Proofs of Claim Nos. 11497 and 11790* on February 14, 2022 [ECF No. 20128] (the “Notice of Impasse”). However, in the Notice of Impasse, PREPA noted that since receiving the Rejections, counsel for PREPA had communicated with counsel for Claimants to determine whether the parties may be able to resolve the Claims without the need for Evaluative Mediation. Accordingly, in order to provide additional time to pursue these discussions prior to engaging in Evaluative Mediation, PREPA requested permission to file a status report within fourteen (14) days of filing of the Notice of Impasse, on or before Monday, February 28, 2022, notifying the Court of the status of the parties’ discussions and whether the parties have reached an impasse that requires Evaluative Mediation. On February 18, 2022, the Court issued the *Order Concerning Proofs of Claim Nos. 11497 and 11790* [ECF No. 20171] granting PREPA’s request.

3. In compliance with the Court’s order, PREPA filed the *Status Report of the Financial Oversight and Management Board for Puerto Rico in Connection with Court’s Order Concerning Proofs of Claim Nos. 11497 and 11790* [ECF No. 20228] (the “First Status Report”) on February 28, 2022. Therein, PREPA noted that counsel for PREPA and counsel for Claimants had engaged in additional discussions and made progress toward concluding the ADR offer and exchange process. *Id.* ¶ 3. PREPA also noted that those discussions had not yet concluded, and, accordingly, requested additional time so that discussions could continue. *Id.* On March 1, 2022, the Court issued *Order Concerning Proofs of Claim Nos. 11497 and 11790* [ECF No. 20233] granting PREPA’s request and directing the Oversight Board to file another status report on or before March 14, 2022.

4. On March 14, 2022, PREPA filed the *Status Report of the Financial Oversight and Management Board for Puerto Rico in Connection with Court’s Order Concerning Proofs of*

Claim Nos. 11497 and 11790 [ECF No. 20334] (the “Second Status Report”). Therein, PREPA noted that, since the filing of the First Status Report, counsel for PREPA and counsel for Claimants had continued their discussions and made additional progress toward resolving their disputes. PREPA also noted that, despite the progress made, additional time was needed in order to finalize the details of a possible resolution. On March 15, 2022, the Court issued the *Order Concerning Proofs of Claim Nos. 11497 and 11790* [ECF No. 20344] granting PREPA’s request and directing the Oversight Board to file another status report on or before April 4, 2022.

5. On April 4, 2022, PREPA filed the *Status Report of the Financial Oversight and Management Board for Puerto Rico in Connection with Court’s Order Concerning Proofs of Claim Nos. 11497 and 11790* [ECF No. 20508] (the “Third Status Report,” and together with the First Status Report and the Second Status Report, the “Status Reports”). Therein, PREPA noted that, since the filing of the First Status Report and Second Status Report, counsel for PREPA and counsel for Claimants held further discussions and were continuing to negotiate the terms of a possible settlement agreement. PREPA noted that additional time would be beneficial in pursuit of continued settlement negotiations. On April 5, 2022, the Court issued the Order granting PREPA’s request and directing the Oversight Board to file another status report on or before April 25, 2022.

6. Since the filing of the Status Reports, counsel for PREPA and counsel for Claimants have begun to discuss the preparation of draft settlement agreements. Accordingly, PREPA continues to believe that additional time would be beneficial in pursuit of a final resolution of the Claims.

7. PREPA therefore requests entry of the Proposed Order granting permission to file a further status report within thirty (30) days, on or before May 25, 2022, notifying the Court of

the status of the parties' continued discussions and whether the parties have reached an impasse that requires Evaluative Mediation.

Dated: April 25, 2022
San Juan, Puerto Rico

Respectfully submitted,

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*Attorneys for the Financial Oversight and
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Power Authority*

Exhibit A

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et*
al.,

Debtors.¹

PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

This filing relates to PREPA.

[PROPOSED] ORDER CONCERNING
PROOFS OF CLAIM NOS. 11497 AND 11790 [ECF NO. 20128]

1. Pursuant to the *Order (A) Authorizing Alternative Dispute Resolution Procedures, (B) Approving Additional Forms of Notice, and (C) Granting Related Relief* [ECF No. 12576] (the “ADR Order”), PREPA transferred Proofs of Claim Nos. 11497 and 11790 (the “Claims”) into the ADR Procedures² through the *Fifteenth Notice of Transfer of Claims to Alternative Dispute*

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283- LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17- BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the ADR Order.

Resolution [ECF No. 17832], filed on August 13, 2021. Thereafter, PREPA served upon the claimants associated with the Claims (the “Claimants”) ADR Notices containing confidential offers of settlement (the “Offers”). The ADR Notices permitted Claimants to designate whether Claimants accepted the Offers, rejected the Offers, or submitted counteroffers. On February 4, 2022, Claimants returned the ADR Notices indicating claimants rejected the Offers (the “Rejections”).

2. Pursuant to paragraph 2(f) of the ADR Procedures, PREPA filed a *Notice of Impasse Regarding Proofs of Claim Nos. 11497 and 11790* on February 14, 2022 [ECF No. 20128] (the “Notice of Impasse”). However, in the Notice of Impasse, PREPA noted that since receiving the Rejections, counsel for PREPA has communicated with counsel for Claimants to determine whether the parties may be able to resolve the Claims without the need for Evaluative Mediation. Further, PREPA represented that the parties would benefit from additional time to pursue these discussions prior to engaging in Evaluative Mediation, and requested permission to file a status report within fourteen (14) days of the filing of the Notice of Impasse, on or before Monday, February 28, 2022, notifying the Court of the status of the parties’ discussions and whether the parties have reached an impasse that requires Evaluative Mediation.

8. The Court entered the *Order Concerning Proofs of Claim Nos. 11497 and 11790* (*Dkt. No. 20128*) [ECF No. 20171], ordering PREPA to file a status report addressing the status of the parties’ discussions regarding the Claims, including whether Evaluative Mediation should proceed as set forth in the ADR Procedures. Thereafter, counsel for PREPA filed the *Status Report of the Financial Oversight and Management Board for Puerto Rico in Connection with Court’s Order Concerning Proofs of Claim Nos. 11497 and 11790* [ECF No. 20228], dated February 28, 2022 (the “First Status Report”), the *Status Report of the Financial Oversight and Management*

Board for Puerto Rico in Connection with Court's Order Concerning Proofs of Claim Nos. 11497 and 11790 [ECF No. 20334], dated March 14, 2022 (the "Second Status Report"), and the *Status Report of the Financial Oversight and Management Board for Puerto Rico in Connection with Court's Order Concerning Proofs of Claim Nos. 11497 and 11790* [ECF No. 20508], dated April 4, 2022 (the "Third Status Report," and collectively, the "Status Reports").

9. On April 25, 2022, PREPA filed the *Status Report of the Financial Oversight and Management Board for Puerto Rico in Connection with Court's Order Concerning Proofs of Claim Nos. 11497 and 11790* [ECF No. ____] (the "Fourth Status Report"). Therein, PREPA noted that counsel for PREPA and counsel for Claimants had begun to discuss the preparation of draft settlement agreements. PREPA represented that additional time would be beneficial in pursuit of a final resolution.

3. Accordingly, the Court having reviewed the Fourth Status Report and the Debtors' representations therein, and finding good cause for the relief requested, it is hereby:

ORDERED that the Debtors shall file a status report on or before May 25, 2022 addressing the status of the parties' discussions regarding Proofs of Claim Nos. 11497 and 11790, including whether Evaluative Mediation should proceed as set forth in the ADR Procedures.

SO ORDERED.

Dated: _____

Honorable Judith Gail Dein
United States District Judge